



Curtis K. Winterfeld
Deseret Generation & Transmission Co-operative

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RTOs: The October Filings

Who and What is Deseret?

- Generation & Transmission Co-operative which has been fully FERC jurisdictional (i.e., a “public utility” under the FPA) since 1996 and which is taxable
- Deseret owns approximately 555 MW of coal-fired generation divided between two units and operates the 465 MW Bonanza coal-fired unit (one of the two ownership interests of Deseret).
- Deseret also owns principal share of 170 mile, 345-kV transmission line interconnecting Colorado and central Utah with path rating of 645 MW and 100+ miles of 138-kV transmission lines also interconnecting Colorado and Utah.
- Deseret markets approximately 450 MW of power surplus to the long-term requirements of its six distribution co-op member/owners.
- Deseret was required to have, and has since 1997, Open-Access Transmission tariffs on file with the FERC and provides an OASIS site.

Deseret's Role in RTO West

- Deseret requested to become a full participant in negotiation/formation process with other FERC-jurisdictional utilities, but was excluded from this group
- Deseret was allowed to participate with other stakeholder interests on Regional Representative Group and in various working groups.
- Bottom Line: Deseret did not participate in intense give-and-take of putting together RTO West structure and supporting documents.
- *See Deseret's FERC Filing (Included in conference materials)*

Concerns With RTO West

- Parties Didn't Start With Common Vision and Purpose in Forming RTO
 - Some/many entities participated only because they believed they had to; naturally, their attitude was the RTO must lower their net transmission cost
 - Many saw an RTO as a vehicle to higher market prices for power (and greater profitability)
 - A few approached it as an important, integral part of a competitive, efficient bulk power supply system
- Operational Control of Many Facilities Left to Individual Utilities
 - Opportunity for confusion, inefficiency, and abuse
 - No strong rationale presented for this feature, other than “protecting turf”
- Too Much Effort on Keeping Rate Status Quo, Too Little Effort in Developing Congestion Management System
 - Months spent devising system to ensure customer groups continue to pay the same base transmission charges; minutes spent thinking through congestion management
 - In the long-run, congestion management may have more rate impact on customers.
- No Clear Responsibility and Direction for Building New Transmission

Conclusions

- Deseret Is Anxious to Have Working and Workable RTO in Place.
- There Are Many Months of Effort Within Region and in D.C. to Produce Result.
- Without Federal Mandate for Participation, Having an Effective, Multi-State RTO Is Less Than 50/50.
- Even With Mandate, the FERC Must Better Develop and Clearly Articulate Reasons For AND Benefits of RTOs.
 - Benefits of wholesale de-regulation and ISOs have been less than compelling and appealing in the minds of most state regulators and consumers.
 - California experience of last summer leaves the impression that RTOs/ISOs provide little relief or protection from perceived market power.